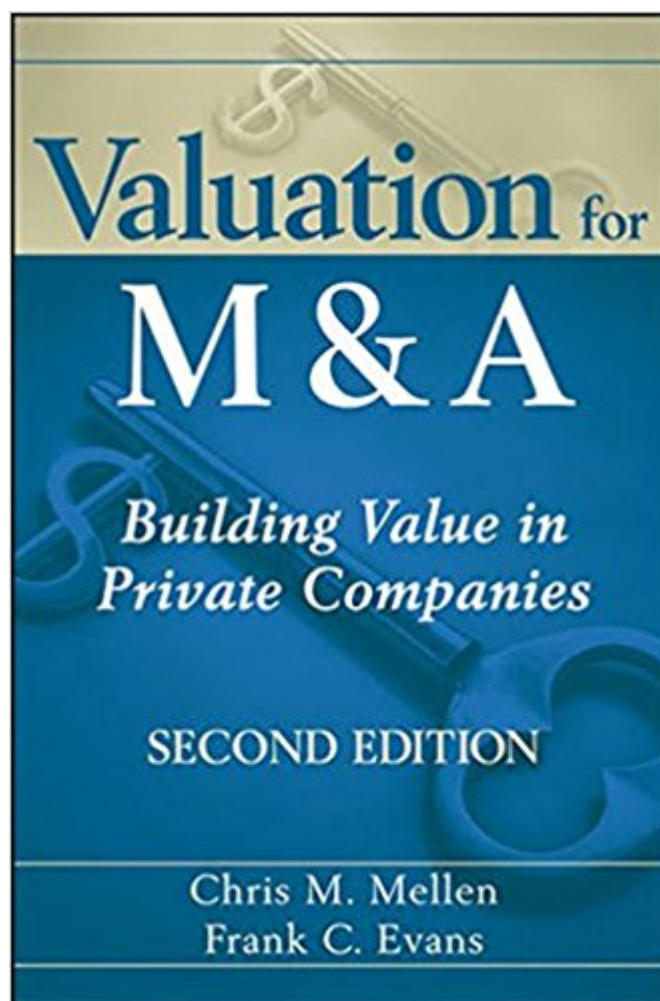


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# Valuation For M&A: Building Value In Private Companies



## Synopsis

Discover the tools necessary to determine what your company's value is, what drives its value, and how to enhance that value during an M&A transaction. The only book to focus on valuation specifically for mergers and acquisitions, *Valuation For M&A: Building Value in Private Companies, Second Edition* lays out the steps for measuring and managing value creation in privately held businesses. This groundbreaking work led directly to authors Chris M. Mellen and Franck C. Evans being named the joint 2010 AM&AA Middle Market Thought Leader of the Year by the Alliance of Merger & Acquisition Advisors, and its thorough overview of the subject: Recognizes a company as an investment and explains how to manage that value to maximize shareholder returns, focusing on returns, risks, and capital invested Explains investment or strategic value versus fair market value and provides a document request checklist; sample interview questions; and formats for adjusting financial statements, developing discount rates, the computation of net cash flow; and a valuation reconciliation form Includes a comprehensive case study to illustrate concepts and calculations Now covers fair value accounting and the impact of SFAS Nos. 141, 142, and 157 and their IFRS counterparts, intangible asset valuation techniques, exit planning, international M&As, and venture backed/early stage companies Showing corporate executives as well as M&A professionals and business appraisers how to value privately-held businesses for merger and acquisition purposes, this book helps investors, executives, and their advisors determine the optimum strategy to enhance both market value and strategic value to maximize return on investment.

## Book Information

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## Customer Reviews

Most owners and managers operate their businesses year after year without ever knowing what their company is worth, how much more a strategic buyer would pay to acquire it, what factors affect the company's stock value, whether they would be better off selling, and if so, how and when? Having provided valuation advisory services to thousands of companies and corporate executives, authors and valuation experts Chris Mellen and Frank Evans have developed proven techniques for accurately measuring and successfully building value in your company. Now in a second edition, *Valuation for M&A: Building Value in Private Companies* provides you with the tools to determine what your company's value is, what drives that value, and how to enhance that value during an M&A transaction and in daily operations—even when no stock price exists. Now covering fair value accounting and the impact of SFAS Nos. 141 and 157, as well as private capital markets, exit planning, cross-border M&As, and venture-backed/early stage companies, this clear and concise new edition is written for business appraisers, CPAs, investment bankers, venture capitalists, and consultants, as well as for investors and managers of closely held entities. Complete with a comprehensive case study to illustrate concepts and calculations, *Valuation for M&A, Second Edition* fills a gap that has long stymied both sides of the M&A equation, handing owners, managers, and strategic buyers the first effective methodology for measuring and building the value of a private company and ensuring that everyone gains the maximum benefit from the deals they make. The only book to focus on valuation specifically for mergers and acquisitions, *Valuation for M&A, Second Edition* lays out the steps for measuring and managing value creation in nonpublicly traded entities, and helps investors, executives, and their advisors maximize return on investment and determine the optimum strategy to enhance both market value and strategic value. It provides you with a detailed guide to prepare for the sale and acquisition of your firm, spelling out how to identify, quantify, and qualify the synergies that increase its value to strategic buyers.

Praise for *Valuation for M & A Second Edition* "Mellen and Evans have really 'nailed it' with their comprehensive but fluid, easy-to-read book on corporate valuations. No business owner, senior manager, or M&A advisor should be without this document, which focuses on value creation, company risks, competitive analysis, synergies, adjustments, etc, particularly as it pertains to exit planning. A great achievement!" —Russell Robb, former president, Association for Corporate Growth "Valuation for M&A is a wonderfully practical and thoughtful analysis of how to analyze the

elements of value in the buying and selling of private middle-market companies. The authors allow readers to target those aspects of valuation that matter to them most, quickly and easily. This book is a great reference for sellers, investors, financing sources, professionals, and students of the subject involved in private M&A." — Peter Blasier, Partner, Reed Smith LLP "In this second edition of Valuation for M&A, Mellen and Evans respond to the impact that changing financial reporting standards, intangible assets, and globalization have had on M&A by adding an easy-to-understand, broad overview of these complex topics. The reader, for example, will gain a better understanding of the application of the valuation process to intangible assets, the companies that own them, and how valuation and accounting interact." — James B. Lurie, Principal, CapVal, LLC "We have subscribed to the approach to valuation presented to us by the authors for years. Specifically, their approach enables us to focus both on driving our own value and understanding the value (or lack of it) in M&A opportunities. Given the market opportunities of the past several years and those that most certainly lie ahead, we believe the disciplined approach they describe in this book is critical. In our privately held company, we are making these decisions with our own money, not someone else's, so we have to understand value." — Kevin McCarter, Chief Executive Officer, PetroLiance LLC "Provides an excellent road map for the M&A process and focuses on the elements critical to building value in private businesses. Don't enter into a negotiation without reading this!" — Z. Christopher Mercer, Chief Executive Officer, Mercer Capital Management, Inc.

I'm working on acquisitions of small to medium sized private companies. I found this book to be very practical in going through not just the valuation math, but also the considerations. The book gives a great overview of the whole process, with ideas of how to get more precise with things like Monte Carlo and Real options. On the core pieces, there is a careful step through of multiperiod DCF including terminal value which is very helpful. Also there is a lot of talk about discount rates which I found very helpful. The book concludes with a thorough valuation example that is adapted from a real transaction. It provides a great way to pull together all of the knowledge in the book. I'd also recommend "Analysis for Financial Management" in addition to this book, for its in depth treatment of key financial fundamentals, including DCF valuation.

Very academic and useful for a valuation practitioner but too detailed for someone wanting a higher level overview of the issues and valuation methodology.

I am a professional business valuator and had a good understanding of the valuation process before I read this book. However, I did not know much about mergers & acquisitions (M&A). After reading "Valuation for M&A" I not only gained a clear understanding about M&A, but I got many additional insights into valuation work as well! Mr. Evans and Mr. Bishop break their book down into 16 well constructed chapters that take you through valuations for M&A step by step, with each step building on the previous one. They then tie it all together at the end of the book and provide an excellent case study as a bonus. The case study alone is worth the price of the book. This is a must read for business valuers, M&A professionals and business owners thinking about buying a new business or selling the one they own now.

This book meets important needs of buyers, sellers, valuation analysts, and owners of private companies who want to build value in them. Here are just a few of the important functions that the reader will learn:

1. How to apply solid valuation theory. Provides the best treatment of many valuation issues that I have seen. This set of benefits goes far beyond M&A valuation settings.
2. How to value "synergy," which is often discussed but rarely measured accurately.
3. How to avoid mistakes commonly made by buyers, sellers, and valuation analysts.
4. How to value start-up companies, including high-tech ones.
5. How to create and measure value in private companies.

And...the authors communicate their insights and methods very clearly. Most readers will find this book one of the best investments they have made.

This is the definitive text available today on the subject of valuation of businesses for purposes of merger or acquisitions. It is a valuable guide for business appraisers and business owners who are seeking to sell their business or groom it for acquisition by another company. The section on how to build value in a company for later sale is alone in the literature. The book is written for all readers, and the authors are themselves business-owners and appraisers. I will use this text regularly in my own practice, especially in the analysis of synergy value.

As a CFO, I found this book to be insightful, covering numerous key areas in the M&A process, from a valuation perspective. I refer back to some chapters such as; Art of the Deal and Intangible Asset Valuation.

Hello!the book is definitely worth having a look into it, although theory clashes with practice a lot of times!!If you are interested in how the big shot i-banks like JP Morgan or Deutsche Bank are

valuating companies or if you are preparing for interviews, I might have some valuable insights for you! just drop me a message to [sarah\\_schuebl@yahoo.de](mailto:sarah_schuebl@yahoo.de) best regards! Sarah

This book provides a good overview of how to value a private company in a merger or acquisition. It provides a solid guide on how to do a comprehensive private business valuation but glosses over the details within the various valuation methods.

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